

CHAPTER 155

S.B. No. 771

An Act relating to adjudication of claims arising from programs provided under the Texas Employees Uniform Group Insurance Benefits Act; amending the Texas Employees Uniform Group Insurance Benefits Act, as amended (Article 3.50-2, Vernon's Texas Insurance Code), by amending Section 4 and by adding Section 4B.

Be it enacted by the Legislature of the State of Texas:

SECTION 1. The Texas Employees Uniform Group Insurance Benefits Act, as amended (Article 3.50-2, Vernon's Texas Insurance Code) is amended by amending Section 4 and adding Section 4B to read as follows:

"Section 4. **ADMINISTRATION.** The administration and implementation of this Act are vested solely in the trustee. As it shall deem necessary to insure the proper administration of this Act and the insurance coverages, services, and benefits provided for or authorized by this Act, the trustee, as an agency of the State of Texas, shall have full power and authority to hire employees. The duties of such employees and their compensation shall be determined and assigned by the trustee. The trustee may, on a competitive bid basis, contract with a qualified, experienced firm of group insurance specialists or an administering firm who shall act for the trustee in a capacity as independent administrators and managers of the programs authorized under this Act. The independent administrator so selected by the trustee shall assist the trustee to insure the proper administration of the Act and the coverages, services, and benefits provided for or authorized by the Act and shall be paid by the trustee. Compensation of all persons employed by the trustee and their expenses shall be paid at such rates and in such amounts as the trustee shall approve, providing that in no case shall they be greater than those expenses paid for like or similar services. Also, as an agency of the State of Texas, the trustee shall have full power and authority to enter into interagency contracts with any department of the State of Texas. The interagency contracts shall provide for reimbursement to the state departments and shall define the services to be performed by the departments for the trustee. The trustee shall have full power and authority to promulgate all rules, regulations, plans, procedures, and orders reasonably necessary to implement and carry out the purposes and provisions of this Act in all its particulars, including but not limited to the following:

- "(a) preparation of specifications for coverages provided by authority of this Act;
- "(b) prescribing the time at which and the conditions under which an employee is eligible for all coverages provided under this Act;
- "(c) determination of the methods and procedures of claims administration;
- "(d) determination of the amount of employee payroll deductions and the responsibility of establishing procedures by which such deductions shall be made;
- "(e) establishment of [grievance] procedures by which the trustee shall *decide contested cases arising from programs or coverages provided under authority of this Act* [~~act as an appeals body for complaints by employees regarding the allowance and payment of claims, eligibility, and other matters~~];
- "(f) continuing study of the operation of all coverages provided under this Act, including such matters as gross and net cost, administration costs, benefits, utilization of benefits, and claims administration;
- "(g) administration of the Employees Life, Accident, and Health Insurance and Benefits Fund, providing for the beginning and ending dates of coverages of employees and annuitants and their dependents under all benefit plans;
- "(h) adoption of all rules and regulations consistent with the provisions of this Act and its purpose as it deems necessary to carry out its statutory duties and responsibilities;
- "(i) development of basic plans of group coverages and benefits applicable to all state employees. The trustee also may provide for optional group coverages and benefits in addition to the basic plan; and
- "(j) to provide either additional statewide optional programs or individual agency optional programs as the trustee may determine is appropriate."

"Section 4B. **ADJUDICATION OF CLAIMS.** (a) *The executive director of the Employees Retirement System of Texas has exclusive authority to decide all questions relating to enrollment in or payment of claims arising from programs or coverages provided under authority of this Act, other than questions relating to payment of claims by a health maintenance organization.*

"(b) *A decision by the executive director under this section may be appealed only to the trustee. An appeal to the trustee is a contested case under the Administrative Procedure and Texas Register Act (Article 6252-13a, Vernon's Texas Civil Statutes).*

"(c) *On appeal of a decision made by the trustee under this section, the standard of review is by substantial evidence.*"

SECTION 2. (a) The change in law made by this Act applies to all questions that exist on or after the effective date of this Act and that are included within the terms of the law as amended by this Act, except questions on which lawsuits have been filed before that date. A question on which a lawsuit has been filed before the effective date of this Act is subject to disposition under the law in effect at the time the suit was filed, and the former law is continued in effect for this purpose.

(b) A person who, on the effective date of this Act, has a cause of action not barred by limitations or equity and is aggrieved by an administrative denial or decision rendered before the effective date of this Act under color of authority under the Texas Employees Uniform Group Insurance Benefits Act may appeal the decision according to the following schedule:

(1) to the executive director of the Employees Retirement System of Texas not later than the 90th day after the effective date of this Act, if the most recent administrative action on the matter was a denial of payment by an insurance provider;

(2) to the Board of Trustees of the Employees Retirement System of Texas not later than the 15th day after the effective date of this Act, if the most recent action was a decision of the executive director;

(3) to the board of trustees on a motion for rehearing not later than the 15th day after the effective date of this Act, if the most recent action was a decision of the board; or

(4) to district court under the Administrative Procedure and Texas Register Act (Article 6252-13a, Vernon's Texas Civil Statutes) not later than the 30th day after the effective date of this Act, if the most recent action was a denial of a motion for rehearing.

SECTION 3. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended, and that this Act take effect and be in force from and after its passage, and it is so enacted.

Passed the Senate on April 4, 1985, by the following vote: Yeas 31, Nays 0; passed the House on May 9, 1985, by the following vote: Yeas 145, Nays 0, one present not voting.

Approved: May 24, 1985

Effective: Immediately